

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-05

SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02 PRS-01 USIA-15

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 6210

INFO AMCONSUL MONTREAL

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E.O. 11652: N/A

TAGS: ENRG, CA, US

SUBJ: ENERGY: EXPORT OF LIQUEFIED NATURAL GAS TO

U.S. DENIED BY NEB

FOLLOWING IS TEXT OF NEB PRESS RELEASE OF APR 17

CONCERNING EXPORT OF LIQUEFIED NATURAL GAS TO THE U.S.:

BEGIN TEXT.

THE NATIONAL ENERGY BOARD TODAY ANNOUNCED IT HAS DENIED AN APPLICATION BY GAZ METROPOLITAIN INC. OF MONTREAL TO EXPORT, DURING 1975, UP TO 20 MILLION GALLONS OF LIQUEFIED NATURAL GAS TO COMPANIES IN NORTHEASTERN UNITED STATES.

THE BOARD HAS DENIED THE APPLICATION ON THE GROUNDS THAT THE XPORT WOULD BE CONTRARY TO THE CANADIAN PUBLIC INTEREST AT A TIME WHEN THE DEMAND FOR GAS IN CANADA IS NOT BEING FULLY SATISFIED.

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GAZ METROPOLITAIN BASED ITS APPLICATION ON THE FACT

THAT, BECAUSE THE PAST WINTER WAS Milder THAN NORMAL, IT NOW HAS A FAIRLY LARGE INVENTORY OF LIQUEFIED NATURAL GAS WHICH IT COULD DISPOSE OF. THE COMPANY USUALLY TAKE DELIVERY OVER THE SUMMER AND EARLY FALL MONTHS OF VOLUMES OF NATURAL GAS IN EXCESS OF ITS CUSTOMER'S DAILY REQUIREMENTS, LIQUEFYING THE EXCESS TO PROVIDE FOR WINTER PEAK DEMAND.

GAZ METROPOLITAIN WAS UNABLE TO SELL THE EQUIVALENT VOLUME OF THE GAS IT CONSIDERS AVAILABLE FOR EXPORT, ABOUT 1.5 BILLION CUBIC FEET, TO POTENTIAL CANADIAN CUSTOMERS AT AN OFFERING PRICE OF \$2.00 PER THOUSAND CUBIC FEET.

THE EXPORT PRICE SET BY THE COMPANY WOULD HAVE BEEN EQUIVALENT TO \$2.50 PER THOUSAND CUBIC FEET, NOT INCLUDING TRANSPORTATION CHARGES FROM MONTREAL.

THE CONSUMERS' GAS COMPANY, TORONTO AND UNION GAS LIMITED, CHATHAM, ONTARIO HAD INFORMED THE BOARD OF THEIR OPPOSITION TO THE PROPOSED SALE OF LIQUEFIED NATURAL GAS. END TEXT. PORTER

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